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AN EMPIRICAL ANALYSIS OF EXTORTIONS AND SAFETY MEASURES OF MORALS FOR PROFICIENT ACCOUNTANTS

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Abstract:

A professional Accountant is skilled accounting personnel of the organization as well as in public practice. Ethics of a professional accountant means to follow some fundamental principles of accounting system in the organization. Morals in accounting system benefit a professional accountant to be valuable for the society in the long run. Integrity, objectivity, attainment of professional competency and professional behavior are some of the essential principles of accounting ethics which should be taken care by a professional accountant. It is the common marvel that a professional accountant may come across diverse threats in the course of his profession either in organizational level or in public practice. The fears may be of self-interest, self-review, backing, familiarity etc., which essentials to be determined very carefully by a specialized accountant. In order to decide the fears the expert accountant should be well experienced with the systems of related facts, issues on integrities, vital principles, internal process, and alternative course of action. Beliefs in accounting related to the fact of opinion of a bookkeeper while upholding the accounts or while confirming the accounts. In both the cases the specialized accountant should be more careful for protection of the reliability of accounting vocation. This article purposes at how a specialized bookkeeper can able to guard the ethics of accounting profession and utilize various systems to resolve the ethical struggle of the association.

KEY WORDS: Professional accountant, Fundamental principle, professional competency, integrity, self-review.

Introduction:

Accounting is the procedure of sustaining and controlling different books of accounts of an institute in an orderly manner. The person who is in charge of preserving accounts is known as accountant. A specialized accountant is a bookkeeper who has expertise in keeping different kinds of accounts. While maintaining the accounts a professional accountant has to come across different complex situations which may hamper the integrity of accounting work. It is desired on the part of an accountant to follow the directions and rules so that the accounting vocation will not be liable or humiliated. This is otherwise called as morals in bookkeeping.

Ethics deals with the ability to distinguish between rights and wrong. Accounting ethics states to the standards of right or wrong conduct that put on to accounting profession. Different accounting organizations keep professional codes of conduct to assist accountants with upholding ethical behavior. Ethics for professional accountants states to those codes of conduct or moral system that provides standards for evaluating right or wrong.

A professional accountant is associated with public and private sector should persist fair and loyal to the ethical guidelines. Whenever a professional accountant meets with the ethical issues regardless of the trade should regularly alert so that the outside forces cannot get the scope to manipulate of accounting records. Manipulation of accounting records will lead to both ethical and criminal ruins.

Accounting profession is a notable field where its acceptance of the responsibilities and act for the interest of public. So a specialized accountant is not only accountable to satisfy the desires of the client/employer but also perceive and comply the ethical obligation of the society. Expert accountants are mandatory to apply professional ethics in order to protection the fundamental values of bookkeeping. So that there will not be any risk for obedience with the important principles to be cooperated. Professional accountants in public practice should apply the code of conduct and major principles so that it can safeguard the threat of compliance.

Review of Literature:

Not much literature available in this superficially restrained topic of Principles balance with accounting and finance profession.

Antonio Argandona (2011): He has said that morals are an balance condition of persons, administrations and cultures. This evenness is active, because whenever an act takes place, the agent feels a change & produces change in others. He contingent that ethical key in finance will not be settled by the moralizer, but by the economist, taking into account the standards of ethics. He decided that ethics based on outside rules (laws, social norms, corporate codes) and not on the acting person, may not be decent directors for action.

Suresh & T. Janaki (2012): In this study, they have revealed current commercial and financial situation as marked by high turbulent because of several causes – inter alia – unprincipled practices and lessening values and short of value-based leaders in commercial affairs and in monetary marketplace. They determined that value based ethics professed in Holy Scriptures especially Bhagavad Gita, which continued legal even today. Blending these agreements with modern management theories evolved into “Corporate Governance”.

Marianne M. Jennings (2013): In this paper it has been shown that ethical issues financial analysts face today are no dissimilar from the ethical matters financial advisers, deposit managers, and analysts have faced over the years and eras that financial markets have existed. Two decisions of this paper: (1) Antiquity does repeat itself, and (2) when predictors depart from three simple questions (Does

this disrupt the law? Is this truthful? What if I were on the additional side?), multifarious matters are determined through a thicket of puzzles, laws, and rules that inspire further clarifications and exceptions and cloud decision.

Objectives of the Study:

- 1) To highlight the essential and ethical moralities of an Expert Accountant.
- 2) To find out the threat those arise by following the fundamental principles.
- 3) How to safeguard the threats by a Professional Accountant for benefit of the society.
- 4) How to resolve the ethical conflict by a professional Accountant.

Research Methodology:

The present study is of analytical nature. The statistics and evidence of this study is based on secondary facts. The statistics are composed from text records, periodicals, available materials, research articles etc. Some of the data are also collected from the web site in order to make the study more clearly in nature.

Discussion and Analysis:

Fundamental and Ethical Principles of a Qualified Accountant:

A Specialized Accountant is not expected for the association alone. He is a certified by character for the whole world. He should have to follow some important and ethical values for the benefit of both the association as well as for the people.

- 1) **Reliability:** It is considered as one of the most important fundamental principle of a professional accountant. Being a bookkeeper by profession he should be a man of honesty. A skilled auditor should be an honest and straight forward person in all professional and business affairs for all times to come. The code of truthfulness has a responsibility as part of professional accountant to be honest in all business relative. He should have the appeal of sensible dealing and truthfulness in all business related matters.

Reliability of a proficient bookkeeper is considered when he is not dealing with ambiguous information in connection with corporate. He should deal all the commercial and monetary statements with utmost care and sureness. The oversight and commission of mistakes in any of the commerce information may lead to misleading grades. While dealing with the fiscal records he should be more careful. It is not wanted for an expert accountant to break the trust while dealing with occupational relation of the organization. Righteousness and truth should be the major and ethical norm of a specialized bookkeeper.

- 2) **Impartiality:** This is another fundamental and ethical principle of a professional accountant. This value allows a professional accountant to be neutral in character. He should not permit unjustified influence in order to override commercial judgment. He should not permit any fight of interest in qualified commerce. It is not needed on the part of a skilled accountant to cooperation their expert or business judgment for bias and undue effect of others. It should be the decent and ethical liability of a professional accountant to depiction those circumstances which may impair the objectivity. Partial and unwarranted effect relationship of an expert accountant should be avoided for protection of ethical code in business organization.

3) Qualified Capability: Being a professional accountant it is his moral and ethical responsibility to provide better service to his client as well as to the employer. So it is wanted for a qualified accountant to be update in expert knowledge and skill.

This capability safeguards that the client and the employer can able to get capable specialized service. A specialized auditor should be well competent with current legislation and performance. He has to effort according to efficient expert standards.

Knowledgeable expert service safeguards a professional accountant to workout social judgment by applying expert skill and knowledge in presentation.

Professional competence has been divided in two categories.

(A) Execution of Professional Competence: It refers to a process where the professional accountant is required to attain regular awareness and understand relevant technical professional development technique. This can empower a professional accountant to accomplish ably within the proficient atmosphere.

(B) Maintenance of Proficient Competency: A professional accountant should not only attain trained capability but also maintain it perfectly for his customers and manager. He should guarantee that those who are working under him must have suitable knowledge and expertise. A practiced accountant should know his margins while rendering professional services for customers and the company.

4) Concealment: This is one of the important principles of a professional accountant. This is a duty with a professional accountant to defend the confidentiality of vocation as well as business relationship. It is not needed on the part of an expert accountant to reveal any information to any of the third party. When there is a lawful force the information relating to corporate can be disclosed to the third party. The professional evidence should not be distorted for personal gain of an expert accountant. The specialized accountant should maintain privacy even in societal environment. He should be attentive for possible discloser of info in situations like long association of with the professional or a close associate of immediate family member. It is not requisite on the part of a skilled accountant to reveal the business information unless it is allowed by law.

The specialized accountant should reflect the following opinions while he needs to reveal business information to the public:

- i) If the interest of the parties cannot be affected or harmed by disclosing the business information.
- ii) When the relevant information is known and substantiated by the parties of information with relevant facts and figure.
- iii) While communicating the information the professional accountant is satisfied that the information is meant to the appropriate person for whom it is addressed.

5) Specialized Behavior: As the name suggests a professional accountant should behave like a professional. It is necessary on his part to conform to appropriate rules and regulations and avoid any actions that dishonor the office occupation. This is a commitment on the part of a specialized accountant that his conduct should not damage the trustworthiness of the business as well as the proprietor. He should not do anything which will damage the status of either the business or the secretarial occupation.

Threats faced by a Professional Accountant:

While observing with the key values a qualified accountant has to face some probable hazard from dissimilar angles. There may be some conditions which have a potential threat for a proficient accountant.

Some of the threats are as follows:-

- 1) **Self Interest Threat:** When any financial matter occurs which goes against the interest of the professional accountant and on the other hand, if a close family member interest is vulnerable, at that time, this sort of threat will be faced by the specialized accountant only.

Examples: a) Having a close business relationship with a client.

b) Concern about the possibility of losing a client.

- 2) **Self-Review Threat:** This is a situation when a previous report on financial matter needs to be re-evaluated by the professional accountant. If the trained accountant is accountable for that judgment then this type of hazard will come into existence.

Examples: a) Reporting on the operation of financial system after being involved in their implementation.

- b) Preparation of unique data which are used to produce records that are the subject matter of arrangement.

- 3) **Activism Threat:** In this situation the professional accountant needs to compromise the opinion of the subsequent position related to financial matter. In such condition the specialized accountant should contend the preceding financial position.

Examples: a) Promoting shares in a listed entity and later the entity is found to be the

financial statement of a client.

b) Behave as an advocate on behalf of a client in dispute with third party.

- 4) **Threat for Familiarity:** This is a situation when a professional accountant desires to be sympathetic to some of the close relatives who are quite familiar with the professional accountant. In these circumstances the professional accountant needs to be favorable towards some of his close family members.

Examples: a) an employee is in a position to exercise direct influence over the subject matter of engagement.

b) a member of the engagement team who is a close family relation with the employee.

- 5) **Coercion Threat:** This is a condition when a proficient accountant observes some sort of threat to him while working towards attainment of the objects of the association. The condition may come or may not come but the proficient bookkeeper perceives that there may be a threat.

Examples: a) Threat of dismissal in relation to client engagement.

b) Threat with litigation.

All the above mentioned threats may rise for an expert accountant who is in public practice as well as in company. When these fears arise it is the ethical duty of a certified accountant to be dispassionate oriented. In no situations he should surrender to these coercions in his certified vocation. Hereafter it is said that during course of process a professional accountant may look diverse classes of peril but he should not be troubled when these threats arise.

The decent and right responsibility of a professional accountant is to protection the threats he used to face in his professional occupation. For the advantage of the accounting occupation as well as for the civilization

he should not undermine a hazard rather tries to innovate the method how to safeguard those threats.

Threat Safeguarding Systems:

All the threats which are come across for a professional accountant need to be safeguarded. During course of business or in civic practice, it is the responsibility of a skilled accountant is to guard all forms of risk.

Some of the hazard safe guarding practices are mentioned below.

- 1) **Training and Experience:** Training makes one perfect. In order to protection the threat the trained accountant should be trained personnel who can deal any type of risk in course of business or in public practice. A knowledgeable professional accountant can able to knob all types of threat in business correctly and at suitable time.
- 2) **Proficient Enlargement:** This is a technique where the professional accountant should develop himself in order to deal with any type of threat during course of business or in public practice. Incessant development in skilled area ensures a skilled accountant to be strong in protection threats of industry. He should be well experienced with all kinds of guidelines and rules of accounting process and a strong mind set of professional ethics in accounting scheme.
- 3) **Commercial Control Guideline:** It is another technique for a professional accountant to deal with the threat in business. A qualified accountant should be well familiar with the corporate governance bylaw so that he can able to apply those rules in situations of threat both in commercial and in civic practice.
- 4) **Certified Values:** This is considered to be another technique for a professional accountant to deal with threat in public practice. Using trained standards the professional certified public accountant can able to defense threat in commerce. Practiced criterions are well defined measures of business ways by which a professional accountant can able to operate those standards for dealing all form of hazard in business and in public practice with an ethical way. Expert morals are meant to guard the reliability of commerce and office scheme.
- 5) **Corrective Process:** This is another method to deal with threat in business and public practice. Corrective dealings are a code of conduct which is generally utilized in bookkeeping and commerce practice. These procedures are different form organization to organization. Hence it is the instigating authority of the association defines how to use penalizing procedure so that there cannot be a business threat for a professional accountant. Punitive process is altered for commercial peril and open repetition hazard. Hence an expert accountant should be well versed with these procedures so that he can able to use those procedures at the time of requirement.

Unethical and unprofessional behavior of business can be regulated by an ethical and high moral professional accountant in business and in public practice. Hence it is desirable on the part of a professional accountant to disclose the consequences of threat and the techniques to be applied in order to safeguard these threats in business as well as in public practices.

How to Resolve Virtuous Struggle:

In overall sense conflict refers to a condition of difference within two or more parties for a joint resolution. Ethical struggle is the outcome of difference when a common code of conduct is not treasured by two parties on ethical ground. In professional and in public practice the ethical battle is common and happens often. In this state it is the accountability of an expert accountant to resolve those moral conflicts in the commercial and in community practice. Battle determination through application of major values is one of the ethical and moral obligations of a specialized accountant. The moral conflict in corporate may be official

or casual in character. A specialized accountant should have to keep in mind the following opinions while dealing with moral conflict in commercial and civic practice.

- 1) Appropriate Specifics:** While a conflict arises due to relevant facts of the organization, it is the moral duty of a professional accountant to consult with the appropriate authority inside the organization in order to confirm about the relevant facts. If he is not content with the evidence of the experienced authorities he should refer the Board of Directors or Audit Board in order to know about the applicable truths.
- 2) Problems on Morals:** It is imperative that a professional accountant may face some ethical issues in the organization or in public practice. In order to resolve these moral issues it is the honest duty of a qualified accountant to access the lawful guides of the organization and obtain direction from them. The expert accountant should be very cautious that there will not be any gap of confidence among the association establishments and the expert certified public accountant.
- 3) Necessary Values:** When there is a clash related to fundamental code the role of a professional accountant is very essential while resolving it either in is desirable on the part of an expert bookkeeper to correct them in order to resolve this subject.
- 4) Inside Process:** The internal procedure of each and every organization is not identical in character. While deciding this kind of battle it is the ethical duty of a specialized accountant to safeguard that each and every internal procedure has been endangered correctly. Then he has to uphold all of the interior process for resolving these problems.
- 5) Other Way of Action:** Sometimes it is necessary on the part of a professional accountant to develop some alternative course of action in order to resolve the ethical issues in the organization and in public practice. Another course of actions should be able in such a way that it will not weaken the privacy of the association in public.

Conclusion:

- A professional accountant can be a sound ethical person by maintaining fundamental principles like integrity, objectivity, professional competency, confidentiality and professional behavior.
- A professional accountant may face some threat in the due course of his accounting profession. The intimidations should be protected by him in order to retain a balance between the society and business.
- During his specialized career, a professional accountant have to come across altered fears like self-interest, self-review, advocacy, familiarity and intimidation which should be secured by him by applying different methods for different fears in order to preserve the pride of bookkeeping occupation.
- A proficient accountant should be qualified workers with enough capability, having expert skill and development, sound knowledge of corporate governance, skilled standards and disciplinary procedure to be followed in the association so that he can successfully overcome the pressures in his trained business.
- Undertaking of proper conflict is a significant moral and ethical duty of a professional accountant inside the association and in public practice. A professional accountant should be well aware with the central ethics of accounting system so that he can simply resolve the ethical struggles of his professional career.
- It may be conceivable on the part of a skilled accountant to face some essential battle in public practice as it is not taken care by the staffs who are in charge of it. In such a condition the professional accountant should follow all the fundamental values correctly. In case of error and commission of facts and figures it

besides fundamental principle a professional accountant should know the concept of interior process, related facts, as well as some alternate course of action in order to deal moral clash in the body from time to time.

- A professional accountant should survey ethics in his expert career not only to keep the values of accounting system but also for the advantage of the organization as well as for the civilization at large.
- Last but not the least, a specialized bookkeeper in not only a accounting person at the same time he should be an proper staffs for the institute so that the society will be valuable for him and he will be effective for the society.

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